

## Message Text

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ACTION AF-10

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01  
CIAE-00 COME-00 EPG-02 DODE-00 EB-07 FPC-01 H-01  
INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04  
USIA-06 OES-07 SP-02 SS-15 STR-04 TRSE-00 ACDA-07  
OPIC-03 /103 W

-----060371 240104Z /73

R 231531Z JUN 77

FM AMEMBASSY MONROVIA

TO SECSTATE WASHDC 5274

C O N F I D E N T I A L MONROVIA 4397

E.O 11652 GDS

TAGS: ECON, LI

SUBJECT: LIBERIA REFINING COMPANY (LRC)

REFS: MONROVIA A-26, JUNE 4, 1977 AND PREVIOUS

SUMMARY: CHARGE WAS SUMMONED BY GOVT. OF LIBERIA FINANCE  
MINISTER PHILLIPS JUNE 23 FOR A BRIEF UPDATE GOL VIEWS OF  
ITS PROBLEMS WITH LIBERIA REFINING COMPANY. REITERATING  
GOL'S OPPOSITION TO EXPROPRIATION AS ELEMENT OF NATIONAL  
POLICY, PHILLIPS ACCUSED SUN/DYNALECTRON OF BAD FAITH,  
SET TOUGH CONDITIONS FOR COMMENCING RENEGOTIATIONS ON LRC  
FUTURE AND UNDERLINED GROWING GOL DILEMMA OVER DEMISE LRC,  
PARTICULARLY WITH REGARD TO STORAGE AND DISTRIBUTION OF  
PETROLEUM PRODUCTS ESSENTIAL TO LIBERIAN ECONOMY.

1. PHILLIPS BEGAN CONVERSATION BY STATING HE WANTED THE  
USG TO UNDERSTAND THAT GOL POLICY REMAINS FIRMLY OPPOSED  
TO THE EXPROPRIATION OF FOREIGN BUSINESSES AND PROPERTY.  
"THIS HAS NEVER BEEN AND NEVER WILL BE OUR POLICY AND WE  
CONTINUE TO ENCOURAGE PRIVATE FOREIGN INVESTMENT IN LIBERIA."

2. AS FOR LRC, HE SAID THE GOL HAS MADE AN OFFER TO  
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SUN/DYNALECTRON WHICH INCLUDED SEVERAL OPTIONS BUT THAT  
THEIR RESPONSE HAD BEEN THE WALL STREET JOURNAL ARTICLE.  
HE SAID THE GOL HAS INFORMED SUN THAT IT WILL NOT CON-  
TINUE DISCUSSIONS WITH SUN ABOUT LRC UNTIL SUN HAS FUR-  
NISHED THE WALL STREET JOURNAL A REBUTTAL TO ITS ARTICLE.  
IN RESPONSE TO MY QUESTION PHILLIPS SAID THE GOL HAD SENT  
ITS OWN REBUTTAL TO THE JOURNAL, PARTS OF WHICH HAD BEEN

PUBLISHED. (EMBASSY UNAWARE OF SECOND JURNAL ARTICLE.)  
IN THIS REGARD HE NOTED THAT THE JOURNAL CON-  
TACTED SUN/DYNALECTRON TO GET THEIR REACTION TO THE GOL'S  
LETTER AND HAD PUBLISHED THOSE REACTIONS. HE ADDED THAT  
THE JOURNAL HAD NOT SHOWN THE SAME COURTESY TO THE GOL  
WITH REGARD TO ITS ORIGINAL ARTICLE. HE SAID THAT SUN/  
DYNALECTRON HAD WRITTEN THE GOL IN RESPONSE TO ITS OFFER  
BUT ONLY TO TALK ABOUT MEETING TO DISCUSS COMPENSATIONS  
FOR THE EXPROPRIATION.

3. PHILLIPS WENT ON TO SAY THAT SOME DISTICTION MUST BE  
MADE BETWEEN THE REFINERY ON THE ONE HAND AND THE STORAGE  
AND DISTRIBUTION FACILITIES ON THE OTHER. HE SAID THE  
GOL HAS NO INTEREST IN THE REFINERY, THAT IF SUN/  
DYNALECTRON DO NOT MEET GOL CONDITIONS FOR CONTINUING DIS-  
CUSSIONS ABOUT REFINERY'S FUTURE, THE GOL WILL TURN TO  
OTHERS TO DISCUSS THE CONSTRUCTION OF A NEW REFINERY.  
(PHILLIPS IS LEAVING FOR U.S. ON LRC MATTER JUNE 27.)

4. AS FOR THE STORAGE AND DISTRIBUTION FACILITIES, HE  
SAID THAT A MONTH OR SO AGO THE GOL HAD SIGNED A CONTRACT  
WITH LRC TO CONTINUE THE OPERATION OF THESE FACILITIES.  
BUT, HE COMPLAINED, "THROUGH UNDERHANDED TACTICS" -  
PRESUMABLY ON THE PART OF SUN/DYNALECTRON - EXPATRIATES  
ARE RESIGNING. SO HE ASKED WHO IS LRC AND WHAT IS THE  
GOL TO DO INORDER TO ASSURE A CONTINUING SUPPLY OF PET-  
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ROLEUM PRODUCTS IN LIBERIA. HE SAID GOL OFFICIALS WOULD  
BE MEETING ON THIS PROBLEM AND WOULD WRITE THE EMBASSY  
OFFICIALLY AS TO ITS CONCLUSIONS.

5. COMMENT: IT IS OBVIOUS FROM THE ABOVE THAT PARTIES  
ARE GROWING FURTHER APART ON THIS MATTER AND THAT THE GOL  
IS FOCUSING INCREASINGLY ON HOW TO CONTINUE THE SUPPLY OF  
POL PRODUCTS IN LIBERIA AND AT THE SAME TIME AVOID ISSUE  
OF EXPROPRIATION PARTICULARLY IN CONTEXT PROVISIONS OUR  
FOREIGN ASSISTANCE ACT.

6. ACTION REQUESTED: EMBASSY WOULD APPRECIATE ANY COMMENTS  
THE DEPARTMENT MIGHT HAVE WITH REGARD TO LRC STORAGE AND  
DISTRIBUTION FACILITIES WHICH SUN/DYNALECTRON PRESUMABLY  
ARE ARGUING HAVE BEEN EXPATRIATED. BUT WHICH GOL DESCRIBES  
AS ABANDONED PROPERTY. IT OCCURS TO EMBASSY THAT DEPARTMENT  
MAY HAVE EXPERIENCE IN THIS REGARD IN CASES ELSEWHERE IN THE  
WORLD.  
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## Message Attributes

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**Disposition Date:** 22 May 2009  
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